FORM MR-RC Revised May 9, 2005 RECLAMATION CONTRACT File Number <u>\$ 049 052</u> Effective Date <u>100 9.2005</u>

Other Agency File Number M 4 49955 4 5

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING

1594 West North Temple Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801 (801) 538-5291 Fax: (801) 359-3940 COPY

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RECLAMATION CONTRACT
---00O00---

DIV. OF OIL, GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) (Mineral Mined)

"MINE LOCATION":

(Name of Mine) (Description)

"DISTURBED AREA":

(Disturbed Acres) (Legal Description)

(Refer to Attachment A)

"OPERATOR":

(Company or Name) (Address)

HUNTINGTON, WAN 84928

(Phone)

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435-687-2494

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DIV. OF OIL, GAS & MINING

MILLOUN CONSTRUCTION

COPY

| "OPERATOR'S REGISTERED AGENT": Name) (Address) | WAYNE L. NIELSON BOX 620 HUNTING TON, WAR 84528 | |
|--|--|--------|
| (Phone) | 435-687-2494 | |
| "OPERATOR'S OFFICER(S)" & TITLE: | WAYNE L. NIKISON PRESIDENT | |
| SURETY": (Form of Surety - Attachment B) | SURETY BOND | 12 |
| "SURETY COMPANY": (Name, Policy or Acct. No.) | Liberty Mutual | Am |
| "SURETY AMOUNT": (Escalated Dollars) | \$ 17,000 | 100 |
| "ESCALATION YEAR": | 2005 | of his |
| "STATE": "DIVISION": "BOARD": | State of Utah Division of Oil, Gas and Mining Board of Oil, Gas and Mining | |

ATTACHMENTS:

A "DISTURBED AREA": B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between <u>NICISIA (MARKULTION</u> the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. Sold Which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

Page 2 of 7 Revised May 9, 2005 Form MR-RC



NOW, THEREFORE, the Division and the Operator agree as follows:

| 1. | Operator agrees to conduct reclamation of the Disturbed Area in |
|----|---|
| | accordance with the Act and implementing regulations, the Reclamation |
| | Plan and/or Notice of Intention received by the Division on |
| | |
| | Intention, as amended, are incorporated by this reference and made a part hereof. |

- 2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
- Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
- Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
- 5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
- 6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and

COPY

Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

- 7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
- Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
- 9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
- 10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
- 11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
- 12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
- 13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.



14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

| OPERATOR: | (COBA) |
|---|--|
| Nielson Construction Operator Name | |
| | |
| By Wayne L. Nielson | |
| Authorized Officer (Typed or Printed) | |
| President | |
| Authorized Officer - Position | 1 106 |
| Maine & Mal | 8/31/05 |
| OfficerUs Signature | Date |
| STATE OF Ufall)ss: | NOTARY PUBLIC KIMBERLY J HANSEN 51 No. Main - PO Box 60 Huntington UT 84528 My Commission Expires March 13, 2007 STATE OF UTAH |
| On the 3 day of, 20 05, personally appeared before me, who being by me duly sident of Nielson and duly acknowledged that said ir of said company by authority of its bylaws or a resolution said duly acknowledged executed the same. | nstrument was signed on behalf |
| executed the same. | |
| Notary Public Residing at | 540 Main Huutugtor |
| 3-13-07 My Commission Expires: | |



DIVISION OF OIL, GAS AND MINING:

| By L. B. John R. Baza, Director | |
|--|---|
| STATE OF Utah COUNTY OF Salt Lake |)) ss:) |
| On the 10 day of November personally appeared before me, who being of Department of Natural Resources, State of United the executed the foregoing document by authors. | ctor of the Division of Oil, Gas and Mining, Jtah, and he duly acknowledged to me that |

VICTORIA A BAILEY

NOTARY PUBLIC - STATE OF UTAN
1594 W North Temple Ste 1210

Sait Lake City UT 84116

My Comm. Exp. 02/29/2008

Notary Public
Residing at: SALT LAKE

My Commission Expires:

| ATTACHMENT "A" |
|--|
| Mielson Construction Singstone Mine Name |
| 5/049/052 // // County, Utah |
| LEGAL DESCRIPTION |
| Include 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety. The detailed legal description of lands to be disturbed includes portions of the |
| following lands not to exceed acres under the approved Laccepted |
| permit and surety, as reflected on the attached map labeled <u>Boundly Suribly</u> and dated <u>PDD</u> : |
| See Atlachment Map deted 9/26/05 Titled Bounday Map For Legal description |
| Titled Bounday Map for Legal description |
| As defined under site & Road description |
| Beinga Portion of: E1/2 of 5E1/4 Section |
| 32, Township 11 South, Range 9 East, |
| 5. L. B. and Meridian. |



FORM MR-5 May 9, 2005 DUPLICATE ORIGINAL

Bond Number 5 1049/052
Permit Number 5 1049/052
Mine Name Nielson Construction
Limestone

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining

Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (8010 359-3940

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DIV OF OIL GAS & MINING

THE MINED LAND RECLAMATION ACT

| The undersigned Nielson Construction | , as Principal, and |
|---|---|
| Liberty Mutual Insurance Company | as Surety, hereby jointly and |
| severally bind ourselves, our heirs, administrators, executo | rs, successors, and assigns jointly and |
| severally, unto the State of Utah, Division of Oil, Gas and | Mining ("Division") in the penal sum of |
| Seventeen Thousand Dollars and no/00 do | llars (\$ <u>17,000.00</u>). |
| Principal has estimated in the Mining and Reclamat | tion Plan or Notice approved /accepted by |
| the Division on the 27th day of September, 20 disturbed by mining operation in the State of Utah. | 05, that5 acres of land will be |
| | |

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved / accepted Mining and Reclamation Plan or Notice and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan or Notice provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan or Notice, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

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DUPLICATE ORIGINAL

Page 2 MR-5 Attachment B (revised May 9, 2005)



Bond Number _______ Permit Number _______ Jo49/052 Mine Name Nielson Construction Limestone Other Agency File Number

In the converse, if the Mining and Reclamation Plan or Notice provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

| Nielson Construction | |
|----------------------------------|---------------------|
| Principal (Permittee) | |
| Mayne & Mulie President | |
| By (Namejand Title typed): | |
| Mane I Mula | 9/1/05 |
| Signature | Date |
| Surety Company | |
| Liberty Mutual Insurance Company | 175 Berkeley Street |
| Surety Company Name | Street Address |
| Stephanie Garahana | Boston, MA 02117 |
| Surety Company Officer | City, State, Zip |
| Attorney-in-Fact | 801-943-8844 |
| Title/Position | Phone Number |
| Stephanie Darshana | June 10, 2005 |
| Signature | Date |
| | |

DUPLICATE ORIGINAL



Page 3 MR-5 Attachment B (revised May 9, 2005)

SO AGREED this <u>10th</u>day of <u>June</u>, 20 <u>05</u>.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

John R. Baza, Director

Vtah State Division of Oil Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

Page 4 MR-5 Attachment B (revised May 9, 2005)



AFFIDAVIT OF QUALIFICATION

| On the 10th day of June, | 20 <u>05</u> , <u>Stephanie Garahana</u> |
|--|--|
| personally appeared before me, who being by me | duly sworn did say that he/she, the said |
| Attorney-in-Fact is the second | ne Liberty Mutual Insurance Company of |
| | nowledged that said instrument was signed on behalf |
| of said company by authority of its bylaws or a res | solution of its board of directors and said |
| Stephanie Garahana duly acknowledged | to me that said company executed the same, and that |
| he/she is duly authorized to execute and deliver the | e foregoing obligations; that said Surety is authorize |
| to execute the same and has complied in all respec | ts with the laws of Utah in reference to becoming |
| sole surety upon bonds, undertaking and obligation | 1s. |
| , , , , , , , , , , , , , , , , , , , | |
| | Signed: Stephanie Aaraha. Surety Officer |
| | Title: Attorney-in-Fact |
| | |
| STATE OF Utah) | |
|) ss: | |
| COUNTY OF Salt Lake) | |
| | |
| | |
| | |
| | |
| Subscribed and sworn to before me this 10th day | y of <u>June</u> , 20 <u>05</u> . |
| | |
| | .1. |
| | Victy Som |
| | Notary Public Residing at: West Gradan Utah |
| | Residing at: West Godan Utah |
| | |
| Mr. Commission Ford | |
| My Commission Expires: | |
| | |
| april 22 2009 | and the fill the second state of the second st |
| Upril 22, 2009 | NOTARY PUBLIC VICKI SORENSEN |
| | 8947 South 3900 West |
| | West Jordan, UT 84088 My Commission Expires |
| | April 22, 2009 STATE OF UTAH |
| | |

Duplicate Original

Attachment A



Nielson Construction Limestone Bond No. Land Description

5 Acres being part of the E ½ of SE ¼, Section 32, Township 11 South, Range 9 East S.L.B. and M.

THIS POWER OF ATTORNEY IS NOT VAL. JULESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

LIBERTY MUTUAL INSURANCE COMPANY BOSTON, MASSACHUSETTS **POWER OF ATTORNEY**

HESE PRESENTS: That Liberty Mutual Insurance Company (the "Company"), a Massachusetts stock insurance KNOW ALL PERSONS company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint

JEFFERY G. SHIELDS, W. SCOTT SHIELDS, E. HARRY BOLEY, GUYANNE L. HANSEN, KEVIN W. ANDREWS, STEPHANIE GARAHANA, VICKI SORENSEN, JACE PEARSON, ALL OF THE CITY OF SALT LAKE CITY, STATE OF UTAH.....

, each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings. Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XIII, Section 5 of the By-Laws, Garnet W. Elliott, Assistant Secretary of Liberty Mutual Insurance Company, is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day. IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this 28th day of July

LIBERTY MUTUAL INSURANCE COMPANY



Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF MONTGOMERY

On this 28th day of July 2005, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Liberty Mutual Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Liberty Mutual Insurance Company thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, Lhave hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year CHMONIVE W COMMONWEALTH OF PENNSYLVANIA

first above written.

CERTIFICATE

Notarial Seal

Teresa Pastella, Notary Public Plymouth Two., Montgomery County My Commission Expires Mar. 28, 2009 Member Pennsylvania Association of Notaria

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article XIII, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this ____10th June _.2005



David M. Carey, Assistant Secretary